



JLT & Campden BRI launch food & drink industry research paper - New World, New Risks

- **Volatility in raw material pricing drives efficiency & innovation**
- **Demand for product recall & contamination insurance continues to increase**

6th February 2013, London: JLT Specialty Limited (JLT) and Campden BRI have, through their recently created strategic collaboration, launched a joint research paper on the food and drink manufacturing industry in the UK: 'New World, New Risks*.

Bertrand Emond, Head of Membership at Campden BRI, said, "Food and drink manufacturers have faced increasing pressure on their profit margins in recent years. Our research highlighted that volatility, and particularly the increase in the prices of raw material, which is often exaggerated by fluctuating exchange rates, is a key concern and challenge. This is clearly putting pressure on the sector as it is hard to pass these increases on through the supply chain. "

Manufacturers are employing a variety of strategies to combat these pressures. The research showed the most widespread response was innovation - developing new products or encouraging consumers to eat and therefore shop differently, or finding economies of scale through focused product strategies, merger and acquisition activity, international expansion and targeting new customers.

Just as the commercial challenges facing the industry fluctuate and escalate, so do the range of risks which threaten the smooth functioning of business operations.

Jon Miller, Associate at JLT's Food & Agri Practice, said, "Whilst most of the companies we spoke to purchase the traditional insurance lines such as property and liability covers, many professed concern over other risk areas. In particular there was a growing interest in product recall and contamination cover."

In 2011 recalls in the UK food and drink sector doubled from the previous year from 35 to 70 demonstrating the increased awareness and scrutiny. High profile cases, including the recent horse meat issues, have also heightened concerns and as the industry exposure has grown, stipulations requiring product recall and contamination insurance have become more common in contracts between retailers, suppliers and manufacturers.

Jon Miller continues, " Manufacturers need to consider purchasing such cover not just for the first party recall expenses, but also for retailer/3rd party charges as well as pre and post loss advice, which addresses key issues such as reputation management through specialist crisis consultants that are written in to most policies".

Bertrand Emond, Campden BRI, concludes, "The food and drink manufacturing industry is the largest manufacturing sector in the UK and whilst it has clearly shown resilience even in difficult economic times, this paper shows that sharing insight and experience as an industry and understanding both the opportunities and challenges we face are important for on-going success".

ENDS

Notes to Editors

The food and drink manufacturing industry plays a leading role in the UK economy. It is the single largest manufacturing sector, with a turnover of more than £70 billion and employs up to 400,000 workers. It has proven to be resilient and stable in the harsh climate of recent years, with the industry consistently producing at levels more than 10 per cent higher than the wider manufacturing average.

*In autumn 2012, JLT commissioned an independent research company to investigate which issues and risks are preoccupying senior executives in this vital industry and how they are facing up to these challenges.

Comprehensive interviews were conducted with a wide range of company representatives – Managing Directors, Finance Directors, Company Secretaries and others in key decision-making roles – from twenty companies in various sectors of the industry, such as meat and poultry, bakery and snacks and confectionery.

Enquiries:

JLT Group Corporate Communications
Isabella Young
isabella_young@jltgroup.com
+44 (0)20 7558 3387

JLT Specialty Limited

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Campden BRI

Campden BRI provides technical, legislative and scientific support and research to the food and drinks industry worldwide. We offer a comprehensive “farm to fork” range of services covering agri-food production, analysis and testing, processing and manufacturing, safety, training and technical information services. Our members and clients benefit from industry-leading facilities for analysis, product and process development, and sensory and consumer studies, which include a specialist brewing and wine division.

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